SHENZHEN INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 00152)

2009 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Shenzhen International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results and consolidated balance sheet of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 (the "Period") together with comparative figures of consolidated results for the corresponding period in 2008 and consolidated balance sheet as of the year end of 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
			(Restated)
	Note	***HK$'000***	*HK$'000*
Revenue	(4)	**1,693,578**	2,551,962
Cost of sales		**(1,069,638)**	(1,931,165)
Gross profit		**623,940**	620,797
Other gains – net		**290,791**	255,643
Other income		**29,883**	58,017
Distribution costs		**(9,533)**	(9,062)
Administrative expenses		**(79,247)**	(78,312)
Other operating expenses		**(10,839)**	(1,388)
Operating profit	(5)	**844,995**	845,695
Share of profit of jointly controlled entities		**152,219**	127,325
Share of profit of associates		**44,858**	6
Profit before finance costs and tax		**1,042,072**	973,026
Finance income		**12,918**	35,066
Finance costs		**(230,089)**	(226,075)
Finance costs – net	(6)	**(217,171)**	(191,009)
Profit before income tax		**824,901**	782,017
Income tax expense	(7)	**(131,405)**	(116,337)
Profit for the period		**693,496**	665,680
Attributable to:			
Equity holders of the Company		**503,262**	402,326
Minority interests		**190,234**	263,354
		693,496	665,680
Earnings per share for the profit attributable to equity holders of the Company during the period (expressed in HK cents per share)			
– Basic	(8)	**3.59**	2.83
– Diluted	(8)	**3.46**	2.76
Dividend	(9)	**-**	-

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	*HK$'000*
Profit for the period	**693,496**	665,680
Other comprehensive income		
Fair value gains on available-for-sale financial assets, net of tax	**784,375**	633,892
Transfer of fair value gain to income statement upon disposal of available-for-sale financial assets, net of tax	**(141,082)**	-
Fair value gains on derivative financial instruments qualified as cash flow hedges, net of tax	**6,736**	63,162
Currency translation differences	**6,866**	956,560
	656,895	1,653,614
Total comprehensive income for the period	**1,350,391**	2,319,294
Total comprehensive income attributable to:		
Equity holders of the Company	**1,160,034**	1,670,202
Minority interests	**190,357**	649,092
	1,350,391	2,319,294

CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30 June 2009	31 December 2008
		(Unaudited)	(Audited)
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Construction in progress		**425,944**	341,542
Property, plant and equipment		**2,018,847**	1,636,136
Investment properties		**43,757**	49,183
Leasehold land and land use rights		**511,760**	509,656
Intangible assets		**18,450,879**	18,125,699
Investments in associates		**1,485,880**	1,441,731
Investments in jointly controlled entities		**828,513**	773,559
Available-for-sale financial assets	(10)	**95,726**	95,726
Prepayment for land use rights		**91,447**	-
Deferred income tax assets		**3,956**	-
		23,956,709	22,973,232
Current assets			
Available-for-sale financial assets	(10)	**1,916,295**	1,134,638
Financial assets at fair value through profit or loss	(11)	**-**	149,827
Assets held for sale		**14,518**	14,717
Trade and other receivables	(12)	**1,470,521**	573,899
Restricted bank deposits		**18,495**	160,168
Cash and cash equivalents		**2,564,429**	1,901,000
Derivative financial instruments		**-**	7,143
		5,984,258	3,941,392
Total assets		**29,940,967**	26,914,624
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**2,941,632**	2,941,407
Other reserves		**(617,432)**	(1,374,813)
Retained earnings			
– Proposed dividends	(9)	**-**	203,398
– Others		**3,542,571**	3,139,929
		5,866,771	4,909,921
Minority interests		**5,162,783**	4,972,684
Total equity		**11,029,554**	9,882,605

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

		As at	
		30 June 2009 (Unaudited)	31 December 2008 (Audited)
	Note	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**8,386,776**	7,302,217
Derivative financial instruments		**44,820**	51,460
Provision for maintenance/resurfacing obligations		**439,922**	366,426
Convertible bonds		**3,133,610**	3,066,685
Deferred income tax liabilities		**986,988**	875,921
Deferred income		**17,510**	33,608
Other non-current liabilities		**32,182**	-
		13,041,808	11,696,317
Current liabilities			
Trade and other payables	(13)	**4,362,168**	3,233,979
Income tax payable		**177,508**	159,875
Borrowings		**1,328,562**	1,941,848
Derivative financial instruments		**1,367**	-
		5,869,605	5,335,702
Total liabilities		**18,911,413**	17,032,019
Total equity and liabilities		**29,940,967**	26,914,624
Net current assets/(liabilities)		**114,653**	(1,394,310)
Total assets less current liabilities		**24,071,362**	21,578,922

Notes:

(All amounts in HK dollar thousands unless otherwise stated)

(1) General Information

The Company is an investment holding company. The principal activities of the Group, associates and jointly controlled entities include the following logistic businesses:

- Toll roads;
- Logistic parks; and
- Provision of logistic service.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Bank of Bermuda Building, 6 Front Street, Hamilton HM11, Bermuda.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

(1) General Information (continued)

This condensed consolidated interim financial information was approved for issue on 10 September 2009.

(2) Basis of preparation

This condensed consolidated interim financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard 34, “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

As described in note 1, note 2.3 (b) and note 5 to the annual financial statements of the Group for the year ended 31 December 2008, the Company applied the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“HKAG 5”) in preparing the financial statements of the Group for the year ended 31 December 2008 to account for the acquisitions of Shen Guang Hui Highway Development Company (“Shen Guang Hui) (the “Acquisition”). The major asset of Shen Guang Hui is its holding of 18.868% interest in Shenzhen Expressway Company Limited (“Shenzhen Expressway”), which became a subsidiary of the Company upon the completion of the acquisition on 30 December 2008. In addition, Flywheel Investments Limited, a wholly-owned subsidiary of the Company, and Shenzhen Expressway own 45% and 55% interests of Jade Emperor Limited (“JEL”) respectively. After the completion of Shen Guang Hui acquisition, the Company indirectly held 72.5% interest in JEL, JEL then became a subsidiary of the Group. The annual financial statements of the Group for the year ended 31 December 2008 included the financial position, results and cashflows of the companies comprising the Group as if the current group structure had been in existence since their respective dates under common control. This condensed consolidated interim financial information has also been prepared on the same basis using the principles of merger accounting as prescribed in HKAG 5. Comparative figures for the six months ended 30 June 2008 have been restated.

Moreover, as described in note 2.2(b) to the annual financial statements of the Group for the year ended 31 December 2008, in previous years, the Group adopted the proportionate consolidation method under Hong Kong Accounting Standards (“HKAS”) 31, ‘Interests in Joint Ventures’, to account for its interests in jointly controlled entities. On 30 December 2008, the Group changed to adopt equity method, the alternative method under HKAS 31, to account for its interests in jointly controlled entities. The change in accounting policy was applied retrospectively and comparative figures for the six months ended 30 June 2008 have been restated on the same basis.

As described in note 2.2(c) to the annual financial statements of the Group for the year ended 31 December 2008, in previous years, the Group adopted the revaluation model for subsequent measurements under HKAS 16 "Property, plant and equipment" to account for its buildings. On 30 December 2008, the Group changed to adopt cost model, the alternative method under HKAS 16, to account for its buildings. The change in accounting policy was applied retrospectively and comparative figures for the six months ended 30 June 2008 have been restated on the same basis.

(2) Basis of preparation (continued)

The following table demonstrates the effect, arising from the common control combination and the changes in accounting policy on jointly controlled entities, on the revenue and results of the Group for the six months ended 30 June 2008.

		Combining entities acquired in 2008			Adjustments						
	The Group, as previously reported	Shen Guang Hui	Shenzhen Expressway	JEL	Relating to business combination				Relating to change in accounting policy	Other	The Group, as restated
		Note (a)	Note (a)	Note (a)	Note (b)	Note (c)	Note (d)	Note (e)	Note (f)	Note (g)	
Revenue	549,236	-	1,954,237	205,129	(8,338)	-	-	-	(121,382)	(26,920)	2,551,962
Profit for the period	470,819	32,457	312,245	90,286	-	5,485	(155,326)	(90,286)	-	-	665,680

Note (a): The above financial information is extracted from the unaudited consolidated financial information of Shen Guang Hui, Shenzhen Expressway and JEL for the six months ended 30 June 2008;

Note (b): The adjustment represents the elimination of certain transactions between the Group and the Shenzhen Expressway during the six months ended 30 June 2008;

Note (c): Xin Tong Chan Development (Shenzhen) Co., Ltd. ("Xin Tong Chan"), a subsidiary of the Company injected certain of its assets into Shenzhen Expressway when Shenzhen Expressway was established in 1996. The appraised value of such assets contributed by Xin Tong Chan was recorded in the books of Shenzhen Expressway at a value higher than the then carrying value of the assets in the books of Xin Tong Chan. The additional depreciation or amortisation charge thereon has been reversed accordingly upon the Acquisition;

Note (d): Shenzhen Expressway's result was previously accounted by the Group and Shen Guang Hui using the equity method as share of profit of an associate. The adjustment represents the reversal of share of profits of Shenzhen Expressway in the books of the Group and Shen Guang Hui for the six months ended 30 June 2008;

Note (e): The adjustments represent reversal of share of profits of JEL in the books of the Group and Shenzhen Expressway;

Note (f): The adjustment represents the effects of changing the accounting method for jointly controlled entities from proportionate consolidation method to equity method;

Note (g): Dividend income previously reported as revenue by the Group has been reclassified to other income so as to conform with the Group's current period's presentation.

(2) Basis of preparation (continued)

The following table demonstrates the effect, arising from the common control combination and the changes in accounting policies on jointly controlled entities and subsequent measurements of buildings, on earnings per share of the Group for the six months ended 30 June 2008.

	The Group, as previously reported	Relating to business combination	Relating to the change in accounting policies	The Group, as restated
Earnings per share (in HK cent per share)				
- Basic	2.54	0.29	-	2.83
- Diluted	2.51	0.25	-	2.76

The following table demonstrates the effect, arising from the common control combination and the changes in accounting policies of jointly controlled entities and subsequent measurements of buildings, on the Group's equity as at 30 June 2008.

		Combining entities acquired in 2008			Adjustments							
					Relating to business combination						Relating to change in accounting policies	
	The Group, as previously reported	Shen Guang Hui	Shenzhen Expressway	JEL								The Group, as restated
		Note (a)	Note (a)	Note (a)	Note (b)	Note (c)	Note (d)	Note (e)	Note (f)	Note (g)	Note (h)	
Share capital	3,002,586	99,585	2,056,488	218,400	(99,585)	(2,056,488)	(218,400)	-	-	-	-	3,002,586
Other reserves												
- Merger reserve	(1,066,380)	-	-	-	(808,028)	(58,293)	-	-	-	-	-	(1,932,701)
- Others	2,735,879	285,580	4,647,467	1,060,655	-	(3,975,579)	(1,116,147)	(23,478)	40,933	(131,189)	(19,932)	3,504,189
Retained earnings/ (accumulated losses)	3,442,296	352,057	1,058,298	(74,510)	-	(1,602,075)	72,575	(102,009)	(40,933)	131,189	-	3,236,888
Minority interests	154,414	-	807,105	-	-	3,879,475	-	-	-	-	-	4,840,994
Total equity	8,268,795	737,222	8,569,358	1,204,545	(907,613)	(3,812,960)	(1,261,972)	(125,487)	-	-	(19,932)	12,651,956

Note (a): The above financial information is extracted from the unaudited consolidated financial information of Shen Guang Hui, Shenzhen Expressway and JEL as at 30 June 2008;

Note (b): The adjustment represents the elimination of share capital of Shen Guang Hui against the cost of investment in Shen Guang Hui, resulting in a debit in merger reserve;

Note (c): Investments in Shenzhen Expressway were previously accounted for as investments in an associate by the Company and Shen Guang Hui before the completion of the Acqusition. The adjustments represent:

(i) Reversal of share of accumulated profits and other reserves from investments in Shenzhen Expressway in the books of the Company and Shen Guang Hui;

(ii) Elimination of share capital and share premium of Shenzhen Expressway against the investment cost in Shenzhen Expressway by the Company and Shen Guang Hui, resulting in a debit in merger reserve;

(iii) Recognition of minority interests of Shenzhen Expressway in the consolidated balance sheet of the Group;

(2) Basis of preparation (continued)

Note (d): Investments in JEL were previously accounted for as investments in a jointly controlled entity by the Company and Shenzhen Expressway before the Acquisition. The adjustments represent:

(i) Reversal of share of accumulated profits from investments in JEL in the books of the Group and Shenzhen Expressway;

(ii) Elimination of share capital of JEL against the cost of investment in JEL by the Group and Shenzhen Expressway;

Note (e): Xin Tong Chan injected its certain assets into Shenzhen Expressway when Shenzhen Expressway was established in 1996. The appraised value of such assets contributed by Xin Tong Chan was recorded in the books of Shenzhen Expressway at a value higher than the then carrying value of the assets in the books of Xin Tong Chan. The difference between the appraised value and the then carrying value, and the related additional depreciation and amortisation charge, are reversed accordingly;

Note (f): During 2006, Shenzhen Expressway acquired the remaining 5% interests of its 95% owned subsidiary from the Company, resulting in an increase in other reserves, being the excess of consideration paid over the share of net assets of the subsidiary acquired. On the other hand, the Company recorded a gain on disposal of the 5% equity interest. In addition, the Company received a dividend from the subsidiary of Shenzhen Expressway during the year ended 31 December 2006. The adjustment represents the reversals of such increase in other reserves and gain on disposal in prior years;

Moreover, the 5% equity interests described above were acquired by the Company from a third party in 2001. The adjustment also includes the reversal of other reserve of the Group, being the excess of consideration paid by the Company over the share of net assets acquired;

Note (g): In February 2006, Shenzhen Expressway completed its share reform scheme. In this connection, Shen Guang Hui transferred a portion of its legal person shares in Shenzhen Expressway to the holders of A shares of Shenzhen Expressway and incurred a loss, which was calculated based on the share of net assets of Shenzhen Expressway by Shen Guang Hui. Since the acquisition of Shen Guang Hui was recognised using common control combination, the above transfer of interests in Shenzhen Expressway was regarded as a transaction with minority interests. According to the accounting policy adopted by the Group, no gain or loss was recognised with respect to such transfer. The decrease in share of net assets of Shenzhen Expressway by Shen Guang Hui was accounted for as a reduction in reserve;

Note (h): In previous years, the Group adopted the revaluation model in subsequent measurements to account for its buildings. On 30 December 2008, the Group changed to adopt cost model. The fair value surplus reserve previously recorded has been reversed as a result of the change of accounting policy.

(3) Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Other than those disclosed in the 2008 annual financial statements of the Group for the year ended 31 December 2008, the major changes in the critical accounting estimate and assumptions are as follows:

In the second quarter of 2009, the Group has reviewed amounts and timing of expenditures expected to incur for the major maintenance and resurfacing to be undertaken throughout the allowed operating periods of some principal toll roads operated by the Group. As affected by the downward trend of the market interest, the Group has adjusted the discount rate adopted in calculating provision for maintenance/resurfacing obligations from 10% to 6.62% in order to reflect the time value of the provision on a more reasonable basis. The provision for maintenance/resurfacing obligations has been adjusted prospectively based on the updated maintenance/resurfacing plans and updated discount rate since 1 April 2009. This change in accounting estimate resulted in an increase of net profit for the six months ended 30 June 2009 amounting to HKD 54,096,000.

(4) Segment information

The Group reassessed its operations to be organized in 3 main business segments:

- Toll roads;
- Logistic parks; and
- Provision of logistic service.

Head office functions include corporate management functions and investment and financial activities of the Group.

The chief operating decision-maker has been identified as the board of directors. The board of directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The board of directors considers the business from a business activities perspective, and assesses the performance of toll roads, logistic parks and logistic services segments. Toll roads include development, operation and management of toll highway; logistic parks mainly include the construction, operation and management of logistic centres; logistic services include the provision of third party logistic and logistic information services to customers.

Substantial businesses of the Group are carried out in the PRC.

During the Period, the segment revenue and results are as follows:

For the six months ended 30 June 2009 (Unaudited)

	Toll roads	Logistic parks	Logistic services	Head office functions	Total
Revenue	1,534,234 [(a)]	80,601	78,743	-	1,693,578
Operating profit	537,713	23,725	3,512	280,045	844,995
Share of profit of jointly controlled entities	151,542	285	392	-	152,219
Share of profit of associates	44,747	-	111	-	44,858
Finance income	7,495	950	1,208	3,265	12,918
Finance costs	(159,948)	(4)	(38)	(70,099)	(230,089)
Profit before tax	581,549	24,956	5,185	213,211	824,901

(4) Segment information (continued)

For the six months ended 30 June 2008 (Unaudited, restated)

	Toll roads	Logistic parks	Logistic services	Head office functions	Total
Revenue	2,421,414 [(a)]	66,088	64,460	-	2,551,962
Operating profit	560,844	23,369	1,686	259,796	845,695
Share of profit of jointly controlled entities	126,391	291	643	-	127,325
Share of (loss)/profit of associates	(710)	-	716	-	6
Finance income	14,588	344	461	19,673	35,066
Finance costs	(162,887)	(483)	(164)	(62,541)	(226,075)
Profit before tax	538,226	23,521	3,342	216,928	782,017

(a) The revenue from toll roads includes construction revenue: for the six months ended 30 June 2009: HKD491,095,000; for the six months ended 30 June 2008: HKD1,473,838,000.

(5) Operating profit

The Group's operating profit is arrived after crediting and charging the following:

	Six months ended 30 June	
	2009 (Unaudited)	2008 (Unaudited) (Restated)
Crediting		
Gain on disposals of financial assets at fair value through profit or loss	**96,554**	31,002
Fair value losses on financial assets at fair value through profit or loss	-	(84,872)
Gain on disposals of available-for-sale financial assets	**176,352**	-
Gain on disposals of investments in associates	-	290,210
Loss on disposals of property, plant and equipment	**(2,087)**	-
Gain on compensation on land resumption	**19,987**	-
Government subsidies	**16,089**	15,766
Charging		
Depreciation and amortisation	**235,318**	194,978

(6) Finance income and costs

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
		(Restated)
Interest expenses on		
- Bank borrowings	**248,820**	210,754
- Convertible bonds	**66,906**	63,830
- Bonds	**33,849**	25,130
- Others	**15,712**	13,843
Other borrowing costs	**321**	1,784
Less: interest expenses capitalised in construction in progress	**(135,519)**	(89,266)
	230,089	226,075
Interest income on bank deposits	**(12,918)**	(35,066)
Net finance costs	**217,171**	191,009

(7) Income tax expense

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the Period. Taxes on overseas profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
		(Restated)
Current income tax		
- the PRC	**185,294**	187,492
Deferred income tax	**(53,889)**	(71,155)
	131,405	116,337

The PRC corporate income tax charged to the consolidated income statement was calculated based on the assessable profits of the Company's subsidiaries located in the PRC for the Period at a rate of 20% (2008: 18%) applicable to the respective companies.

The Corporate Income Tax Law of the People's Republic of China (the "New CIT Law") was effective from 1 January 2008. According to the New CIT Law and the relevant regulations, the income tax rate applicable to the Company's subsidiaries established in Shenzhen, the PRC, will be gradually increased to 25% over a five-year period from 2008 to 2012. The rates are 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012 respectively.

(8) Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Period.

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited) (Restated)
Profit attributable to equity holders of the Company	**503,262**	402,326
Weighted average number of ordinary shares in issue (thousands)	**14,027,663**	14,216,872
Basic earnings per share (HK cents per share)	**3.59**	2.83

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less tax effect. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited) (Restated)
Profit attributable to equity holders of the Company	**503,262**	402,326
Interest expense on convertible bonds	**34,215**	33,311
Profit used to determine diluted earnings per share	**537,477**	435,637
Weighted average number of ordinary shares in issue (thousands)	**14,027,663**	14,216,872
Adjustments – share options (thousands)	**44,957**	101,458
Adjustments – conversion of convertible bonds (thousands)	**1,439,583**	1,439,583
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**15,512,203**	15,757,913
Diluted earnings per share (HK cents per share)	**3.46**	2.76

The basic and diluted earnings per share for the six months ended 30 June 2008 have been restated as described in note 2.

(9) Dividends

The Board of Directors has resolved not to declare an interim dividend in respect of the Period (six months ended 30 June 2008: Nil). The 2008 final dividend of HKD 0.0145 per share totaling HKD203,398,000 was paid on 10 June 2009 (six months ended 30 June 2008: HKD639,818,000).

(10) Available-for-sale financial assets

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited) (Restated)
Beginning of the period	**1,230,364**	1,076,880
Net fair value gains transferred to equity	**803,457**	787,107
Disposals	**(21,800)**	-
Exchange differences	**-**	87,320
End of the period	**2,012,021**	1,951,307
Less: non-current portion	**(95,726)**	(95,857)
Current portion	**1,916,295**	1,855,450

Available-for-sale financial assets include the following:

	As at	
	30 June 2009	31 December 2008
	(Unaudited)	(Audited)
Listed securities in PRC, at fair value		
- Freely tradable	**1,916,295**	979,843
- With lock-up period	**-**	154,795
	1,916,295	1,134,638
Unlisted equity investments, at cost less impairment:		
- Cost	**119,821**	119,821
- Provision for impairment	**(24,095)**	(24,095)
	95,726	95,726
	2,012,021	1,230,364

As at 30 June 2009, listed equity investments stated at fair value represent 8.8% interest (equivalent to 107,725,881 shares) A share in CSG Holding Co., Ltd. (“CSG”).

(11) Financial assets at fair value through profit or loss

	As at	
	30 June 2009 (Unaudited)	31 December 2008 (Audited)
Listed securities:		
Equity securities – the PRC	-	149,827
Market value of listed securities	-	149,827

Financial assets at fair value through profit or loss as at 31 December 2008, which were denominated in Renminbi ("RMB"), represented the shares of CSG and were disposed of during the Period.

(12) Trade and other receivables

Trade receivables generally have credit terms of 30 to 120 days. As at 30 June 2009 and 31 December 2008, the ageing analysis of the trade receivables of the Group is as follows:

	As at	
	30 June 2009 (Unaudited)	31 December 2008 (Audited)
0-90 days	**131,389**	102,534
91-180 days	**11,357**	3,954
181-365 days	**2,076**	727
Over 365 days [(i)]	**149,917**	151,967
	294,739	259,182

(i) Trade receivables due over 365 days as at 30 June 2009 and 31 December 2008 mainly comprised the amount arising from the development and management of certain toll road projects administrated for Shenzhen Municipal Bureau of Transport. The directors consider that this receivable is not impaired.

(13) Trade and other payables

As at 30 June 2009 and 31 December 2008, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) was as follows:

	As at	
	30 June 2009 (Unaudited)	31 December 2008 (Audited)
0-90 days	**156,609**	39,434
91-180 days	**2,651**	344
181-365 days	**417**	5,144
Over 365 days	**679**	670
	160,356	45,592

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

During the Period, revenue of the Group amounted to HK$1,694 million (2008: HK$2,552 million), representing a decrease of 34% over the same period of 2008. Revenue excluding construction service income of toll road business amounted to HK$1,203 million (2008: HK$1,078 million), representing an increase of 12% over the same period of 2008. Profit attributable to shareholders amounted to HK$503 million (2008: HK$402 million), representing an increase of 25% over the same period of last year. During the Period, profit before finance costs and tax of the core businesses amounted to HK$762 million (2008: HK$713 million), representing an increase of 7% over the same period of 2008. As the PRC's Corporate Income Tax rate increased from 18% to 20% and the net finance costs for the Period increased by 14%, the Group's core earnings decreased by 8% to HK$281 million (2008: HK$304 million) as compared to the same period of 2008. During the Period, owing to the disposal of A shares of CSG and other items, a non-recurring gain of HK$223 million was recorded, versus a non-recurring gain of HK$98.34 million during the same period of 2008. Basic earnings per share for the Period was HK 3.59 cents (2008: HK 2.83 cents), representing an increase of 27%.

Impacted by the global financial crisis, the externally oriented economies of Shenzhen and its nearby areas saw their economic activities and commercial trade significantly affected by the sluggish external demand. During the Period, Shenzhen's economic indices including import and export values, harbour throughput and container throughput decreased by 18%, 16% and 20% respectively over the same period of 2008. Accordingly, the Group saw a significant decline in its core businesses over the same period of 2008. Revenue from the toll road business and logistic park business in the first quarter of 2009 declined by 6% and 10% respectively over the fourth quarter of 2008. However, as an array of measures to boost domestic demand implemented by the PRC government started to take effect, coupled with a continued increase in car ownership in Shenzhen and that the rate of decline in harbour throughput has narrowed month-by-month since March 2009, the Group's businesses in Shenzhen reported higher revenues in the second quarter of 2009 as compared to the first quarter. Revenues from the toll road business and logistic park business increased by 11% and 22% respectively in the second quarter as compared to the first quarter; and increased by 4% and 10% respectively as compared to the fourth quarter of 2008. Meanwhile, factors such as a significant year-on-year increase in the operating area of logistic centres also gave a new boost to the Group's revenue during the Period.

During the Period, toll revenue and profit before finance costs and tax of the Group's toll road business amounted to HK$1,043 million (2008: HK$948 million) and approximately HK$734 million (2008: HK$687 million) respectively, up 10% and 7% respectively over the same period of 2008. Impacted by a grim macro-economy and sluggish export, the traffic volume of medium-to-large vehicles, which were charged higher toll rates, shrank significantly. Nevertheless, as the PRC government implemented revival plan for the car industry, the traffic volume of small vehicles continued to climb. Meanwhile, since during the Period there was one toll highway operated for more than one year and another resumed operation upon completion of its reconstruction project, toll revenues of these two highways recorded rapid growth, thereby bringing contribution to the overall toll revenue and profit.

During the Period, revenue and profit before finance costs and tax of the Group's logistic park business amounted to HK$80.60 million (2008: HK$66.09 million) and approximately HK$24.01 million (2008: HK$23.66 million) respectively, up 22% and 2% respectively over the same period of 2008. The increase in revenue was mainly attributable to the fact that the operating area of the logistic centres increased by 84,000 square metres to 200,500 square metres over the same period of 2008. The resultant increase in revenue offset the impact of the decline in revenues from the empty-container depot business and the cross-border cargo transfer business arising from the global financial crisis and the falling export trade of the PRC. However, due to the payment of the new Land Use Tax in the amount of approximately HK$5.67 million during the Period, only a slight growth in profit was recorded. During the Period, revenue from Nanjing Chemical Industrial Park Logistic Centre amounted to HK$16.54 million (2008: HK$7.86 million), up 1.1 times over the same period of 2008. Such business growth was in line with expectation and the realisation of profit since the Period brought about a new profit of approximately HK$2.45 million to the logistic park business of the Group.

With a view to further concentrating resources on the core logistic business, the Group is gradually reducing its investments in non-core businesses and is proactively dealing with the disposal of its equity interests in CSG. During the Period, the A share market in the PRC saw an improvement while the overall stock market witnessed a stable increase, leading to a quickened pace in the Group's disposal of its equity interests in CSG as compared to 2008. During the Period, the Group disposed of a total of approximately 25.40 million A shares in CSG at an average selling price of approximately RMB15.5 per share (HK$17.6) and realised a profit after tax of approximately HK$218 million.

ANALYSIS OF MAJOR BUSINESS OPERATIONS

Toll Road Business

During the Period, the Group's toll road business recorded a toll revenue of approximately HK$1,043 million (2008: HK$948 million) and profit before finance costs and tax of approximately HK$734 million (2008: HK$687 million), up 10% and 7% respectively over the same period of the previous year. Benefiting from a string of revival plans for the car industry implemented by the PRC government, during the Period, the Group's overall toll road business recorded growth over the same period of the previous year amidst the impact of the financial crisis.

Longda Expressway

During the Period, Longda Expressway recorded a toll revenue of HK$200 million (2008: HK$201 million), basically in par with the previous year. Profit before finance costs and tax amounted to HK$132 million (2008: HK$135 million), representing a slight decrease of 2% over the same period of the previous year.

During the Period, total toll revenue from Longda Expressway was basically in par with the previous year while total traffic volume saw an increase over the same period of the previous year. Average daily toll revenue amounted to approximately HK$1.10 million, which was about the same as that of last year; and average daily mixed traffic volume amounted to approximately 52,000 vehicles, representing an increase of approximately 3% over the same period of the previous year.

Owing to the slowdown of the macro-economy and the slump in import and export trade in the Pearl River Delta region, the vehicle mix on Longda Expressway witnessed a significant change during the Period. Except for small vehicles, traffic volumes of other vehicles decreased over the same period of the previous year. In particular, the traffic volume of trucks, which were charged at higher toll rates, decreased significantly, thereby exerting a negative impact on the toll revenue of Longda Expressway. However, on the other hand, the traffic volume of small vehicles increased during the Period by approximately 14% over the same period of the previous year, accounting for 64% of the overall vehicle mix. As a result, the overall traffic volume of Longda Expressway increased by approximately 2.2% over the same period of the previous year while its overall toll revenue decreased slightly as it was impacted by a dip in traffic volume of trucks.

Wuhuang Expressway

During the Period, Wuhuang Expressway recorded toll revenue and profit before finance costs and tax of HK$221 million (2008: HK$205 million) and HK$116 million (2008: HK$108 million), representing increases of 8% and 7%, respectively, over the same period of the previous year.

In the first half of 2009, toll revenue and traffic volume of Wuhuang Expressway increased by 8% and 10% respectively over the same period of the previous year. Since the fourth quarter of 2008, factors including the global financial crisis, a rise in unemployment rate and a surge in fuel prices have suppressed vehicle consumption. Meanwhile, as the Hubei Provincial Government has scrapped toll tariffs for government-on-loan Class II highways since May 2009, the traffic volume on Wuhuang Expressway was indirectly affected. However, in early-2009, the PRC government implemented the revival plan for the car industry, including a temporary reduction in vehicle purchase tax and the provision of one-off financial subsidies for vehicle change, which has stimulated vehicle sales and has indirectly driven an increase in traffic volume on Wuhuang Expressway. In June 2009, a new “Green Passage” policy was implemented in Hubei Province whereby the criteria for vehicles enjoying the Green Passage policy were tightened, thereby directly boosting the toll revenue generated on Wuhuang Expressway. The new “Green Passage” policy is expected to bring about an increase of over RMB5 million revenue to Wuhuang Expressway in the second half of 2009.

Further to continuous expansion of road networks in Hubei Province, Hubei Daguangbei Expressway launched its trial operation in April 2009. When the construction of Yangtze Bridge No.2 in eastern Hubei is completed, Hubei Daguangbei Expressway will be connected with Wuhuang Expressway. Meanwhile, the commencement of operation of the new Huangshi Tolling Station in May 2009 has significantly alleviated the congestion at the old Huangshi Tolling Station. In addition, as Suiyue North Expressway has been integrated into the Hubei Provincial road networks, coupled with its northbound extension to Fuyang in Anhui and its connection with the key expressways in the PRC, Wuhuang Expressway will have its traffic volume boosted by the improvement in road networks.

Shenzhen Expressway

During the Period, Shenzhen Expressway, a 50.021%-owned subsidiary of the Group, recorded a revenue of HK$1,088 million (2008: HK$1,946 million), representing a decrease of 44% over the same period of the previous year; toll revenue amounted to HK$622 million (2008: HK$542 million), representing an increase of 15% over the same period of the previous year. Profit before finance costs and tax amounted to approximately HK$486 million (2008: HK$443 million), representing an increase of 10% over the same period of the previous year. In addition, Shenzhen Expressway's net profit for the Period and the Group's share of profit amounted to HK$358 million (2008: HK$312 million) and HK$159 million (2008: HK$141 million) respectively, representing an increase of 15% and 13% respectively, over the same period of last year. During the Period, road networks of Nanguang Expressway have been improved and Qinglian Class 1 Highway has re-opened to traffic upon completion of road surface works of the reconstruction into an expressway, and as a result, toll revenues of these two expressways recorded rapid growth. Nevertheless, impacted by factors including a slowdown of macro-economic growth, vehicle consumption policies and changes in the neighbouring road networks, revenues from other toll roads recorded slight decreases over the same period of the previous year whilst exhibiting a trend of rebound in the second quarter of 2009.

In the first half of 2009, although the impact of financial crisis persisted, the PRC's economy exhibited a trend of gradual stabilisation and rebound in general as the economic stimulus measures have gradually become effective. The Shenzhen region's key indices that reflect traffic demand including cargo throughput and passenger turnover maintained stable growth as well. Accordingly, the overall operating performance of Shenzhen Expressway's toll road operations was stable during the Period, with a majority of operations showing growth trends in the second quarter of 2009 over the same period of the previous year.

In the first half of 2008, construction works on Shenyan Pathway 2 had certain impact on the revenue of Yanba Expressway. However, after the pathway was opened to traffic upon completion in July 2008, the neighbouring road network of Yanba Expressway has been enhanced, resulting in significant growth in average daily traffic volume and average daily toll revenue of Yanba Expressway during the Period. Nanguang Expressway was opened to traffic in early-2008, and after one year of operation and publicity, it has gradually attracted more road users. When the construction of Nanping (Phase II) is completed, Nanguang Expressway will be connected with Shenzhen-Hong Kong Western Corridor and the western Shenzhen port area, and hence the synergies created by the connected road networks will lead to a better operating performance for Nanguang Expressway.

To further enlarge its scale of assets and profit basis and to increase recurrent cash revenue, Shenzhen Expressway contracted for the acquisition of 45% additional equity interest in the eastern section of Jihe Expressway and the related shareholder's loan of the transferor at a total consideration of RMB1,068,800,000 (approximately HK$1,213,200,000) on 1 June 2009. Upon completion of the transaction, Shenzhen Expressway will own 100% equity interest in the eastern section of Jihe Expressway. In addition, the road surface works of the reconstruction of Qinglian Project into an expressway were completed at the end of 2008, and traffic for the entire road section has been resumed. During the Period, expressway enclosure works were still underway and the road section continued to collect toll fees according to Class I highway standards. Its operating results were generally in line with the Group's expectation. The above completed section has started to collect toll fees according to expressway toll standards since 1 July 2009.

Logistic Park Business

During the Period, the Group's logistic park business recorded a revenue of HK$80.60 million (2008: HK$66.09 million) and a profit before finance costs and tax of HK$24.01 million (2008: HK$23.66 million), representing increases of 22% and 2% respectively over the same period of the previous year. Despite the impact caused by the financial crisis, the PRC's economy has gradually improved since the second quarter of 2009. The revenue from the Group's logistic park business on the whole maintained a growth, of which growths in certain businesses met expectations and brought new contributions to the Group's profits.

Shenzhen South-China International Logistics Co., Ltd. ("South China Logistics")

During the Period, South China Logistics recorded a revenue of HK$46.31 million (2008: HK$42.96 million), representing an increase of 8% over the same period of the previous year. Profit before finance costs and tax amounted to HK$13.66 million (2008: HK$13.44 million), representing an increase of 2% over the same period of the previous year. Excluding the effect of the new Land Use Tax payable of approximately HK$2.73 million during the Period, profit before finance costs and tax would have been increased by 22% over the same period of the previous year.

During the Period, revenue from the core business of South China Logistics saw an increase of approximately 8% over the same period of the previous year, of which the logistic centre business recorded a significant growth of 38% over the same period of the previous year This was mainly attributable to the new revenue brought by the two logistic centres with a total site area of 52,000 square metres upon commencement of operation. The current operating area of the logistic centres at South China Logistics totalled 112,000 square metres with an occupancy rate of 95%. During the Period, revenues of the empty-container depot business and the cross-border cargo transfer business decreased by 21% and 19% respectively over the same period of the previous year, which was mainly due to the PRC's export trade witnessing a sharp decline amid the global financial crisis. As such, the usage rate of containers decreased, leading to declines in revenues of related loading/unloading and gate entrance businesses.

During the Period, South China Logistics has successfully increased the plot ratio of its land area at the logistic park, doubling the original ratio of 0.26 to 0.52. As a result, gross floor area of the logistic park increased by approximately 141,000 square metres, whereas the actual land premium was merely RMB18.02 million (HK$20.44 million). Meanwhile, at the end of July 2009, the Group obtained approval from the relevant authorities in Shenzhen on the application for the second phase land usage of South China Logistics. As a result, the site area and the gross floor area of South China Logistics increased by approximately 77,000 square metres and 120,900 square metres respectively, while the land premium was finalised to be RMB32.70 million (HK$37.1 million). Currently, the total site area and total gross floor area of South China Logistics reached 610,000 square metres and 400,000 square metres respectively. For the increases in the two above-mentioned site areas, the Shenzhen Municipal Government has agreed to waive a significant portion of the land premium for the new gross floor area, thereby saving substantial capital expenditure for South China Logistics and significantly reducing future operating costs.

The construction works of the two logistic centres at South China Logistics, with a total operating area of approximately 72,000 square metres, commenced in March 2009, and the core project has been proceeding on schedule. These two logistic centres are expected to be completed in March 2010.

Shenzhen Western Logistics Co., Ltd. ("Shenzhen Western Logistics")

During the Period, Shenzhen Western Logistics recorded a revenue of HK$17.74 million (2008: HK$15.27 million), up 16% over the same period of the previous year. Profit before finance costs and tax amounted to HK$7.68 million (2008: HK$11.40 million), down 33% over the same period of the previous year. The decrease in profit before finance costs and tax was mainly due to the payment of Land Use Tax amounting to approximately HK$2.94 million during the Period and to the difficulty in business expansion for Phase I Logistic Centre in the first quarter amid the financial crisis. Nevertheless, the business expansion situation kept improving in the second quarter.

During the Period, the empty-container depot business of Shenzhen Western Logistics was relatively stable. With the expansion of the logistic centres and new projects, the proportion of revenue from land leasing to total revenue will gradually decrease.

As Phase I Logistic Centre at Shenzhen Western Logistics just commenced operation in June 2008, it was still at a stage of business development during the Period. Coupled with the impact of the financial crisis, its occupancy rate could not meet expectation. However, as driven by positive factors including the success of being authorised to offer immediate tax rebate for goods stored in regulated warehouse for export at the end of May 2009, a number of renowned logistics customers were successfully drawn to Shenzhen Western Logistics. At the end of June 2009, the occupancy rate of Phase I Logistic Centre reached 80%.

Nanjing Chemical Industrial Park Logistic Centre

The Group invested to build a logistic centre at the Nanjing Chemical Industrial Park ("Nanjing Chemical Industrial Park Logistic Centre"). The logistic centre has a site area of approximately 95,000 square metres, providing its customers with integrated and professional chemical logistics services, including chemical logistics services; customs declaration, transportation, warehousing of dangerous and non-dangerous chemical products; as well as other value-added services.

During the Period, revenue of Nanjing Chemical Industrial Park Logistic Centre amounted to HK$16.54 million (2008: HK$7.86 million), representing an increase of over 1.1 times over the same period of the previous year, bringing about a new contribution of HK$2.45 million net profit to the Group. Impacted by the financial crisis during the year, the overall business volume at Nanjing Chemical Industrial Park Logistic Centre has shown a decline during the Period. However, with the economic recovery in the second quarter and its successful enlisting of new customers, its business has been developing steadily since.

The current operating area of Nanjing Chemical Industrial Park Logistic Centre totals approximately 40,000 square metres. The operating area of its first phase is approximately 21,000 square metres. During the Period, as Nanjing Chemical Industrial Park Logistic Centre has successfully enlisted new customers and enhanced its service quality in full scale, the occupancy rate of the logistic centre reached 100%. The second phase of the logistic centre has an operating area of approximately 19,000 square metres. Its project construction was completed and the logistic centre commenced operation in June 2009. As the leasing situation has been satisfactory, its occupancy rate is expected to reach 100% at the end of 2009.

Shandong Booming Logistics Co., Ltd. ("Shandong Booming Logistics") (formerly Yantai Beiming Logistics Co., Ltd.)

During the Period, Shandong Booming Logistics, in which the Group holds 55.39% equity interest, recorded a revenue of HK$10.47 million which is generated from storage and loading/unloading, transportation and ancillary transportation, customs declaration service and express transportation business. As the financial crisis exerted a significant impact on the demand for production and logistics within the Export Processing Zone in Yantai, Shandong Booming Logistics gradually lost the customers who were enlisted at the beginning of the year, as a result, it has yet to make profit contribution to the Group . However, as the PRC's economy improved in the second quarter of 2009, Shandong Booming Logistics successfully attracted a group of new customers. As a result, the occupancy rate of its logistic centres reaches saturation at present.

Shandong Booming Logistics has been listed out by the Department of Communications of Shandong Province and the Yantai Municipal Communist Party Committee respectively as a pilot project of bonded logistics and a key bonded logistic park to be developed. Shandong Booming Logistics provides logistics ancillary services to the large-scale manufacturing enterprises within the Export Processing Zone in Yantai and has become the largest bonded logistics service platform in Yantai. Shandong Booming Logistics is actively seeking and developing new business markets, evolving from the single storage and ancillary transportation business to multiple businesses of trunk line transportation, customs processing and value-added services. It aims to extend its business to a number of enterprises across various countries and regions, with a view to gradually expanding the operating scale of its business. In particular, it made a marked breakthrough in the operating results of the trunk line transportation business as compared to the past.

Shenzhen Huatongyuan Logistics Co., Ltd. ("Huatongyuan")

The Group completed the acquisition of a 51% equity interest in Huatongyuan at a consideration of RMB44.88 million in January 2009. Huatongyuan is mainly engaged in the operation and development of "Huatongyuan Logistic Centre" located in the vicinity of Meilin gateway of Shenzhen, with a site area of approximately 116,000 square metres and a total gross floor area of 133,000 square metres. Total investment of the project amounted to approximately RMB260 million. Upon completion of construction, Huatongyuan Logistic Centre will have an area of approximately 39,000 square metres for shops, a logistic centre of 56,000 square metres, an integrated office building and a large-scale car park for trucks of 37,000 square metres. It is a multi-function logistic centre with integrated services of freight forwarding, ancillary transportation, warehousing and office.

Huatongyuan Logistic Centre was originally planed to commence its trial operation in September 2009. However, impacted by frequent rains in the first half of the year, construction progress was hampered. As a result, the commencement of the trial run will be delayed until November and the entire project is expected to be completed by the end of February 2010. Upon completion of construction, Huatongyuan Logistic Centre will contribute to the profit of the Group's logistic park business and will help to stimulate the development of the logistics industry of Shenzhen City and Bao'an District.

Port Business

Nanjing Xiba Wharf Co. Ltd. ("Nanjing Xiba Wharf Company")

Nanjing Xiba Wharf Company, in which the Group holds a 70% equity interest, was jointly established by the Group, Nanjing Port Authority and Nanjing Chemical Industry Park Co., Ltd. in April 2008, with an aim to construct and operate five deep-water terminals for 50,000-ton vessels and logistic centres at Xiba Port of Nanjing Chemical Industrial Park.

During the Period, Nanjing Xiba Wharf Company achieved satisfactory progress in its Phase I project involving the construction of terminals. Currently, the waterway construction of the terminals is nearly completed while the construction of land depots and roads has been proceeding smoothly. Roads and depots and office buildings are planned to be basically completed at the end of 2009 and the entire Phase I project is expected to be officially completed and to commence operation at early 2010 according to schedule.

In the second half of 2009, while Nanjing Xiba Wharf Company is actively pushing ahead the construction of various projects, it will also carry out preparation work for a trial run of its operation, including publicity and promotion, business arrangements for potential customers and training for management and operations staff, as well as coordinating with Nanjing Chemical Industrial Park to complete the infrastructure facilities for complementing the operation of terminals, with a view to ensuring the operation needs of the terminals can be met.

Logistic Service Business

The logistic service business of the Group mainly includes the provision of third party logistic and logistic information services to customers.

During the Period, the logistic service business of the Group recorded a revenue of approximately HK$78.74 million (2008: HK$64.46 million) and a profit before finance costs and tax of approximately HK$4.02 million (2008: HK$3.05 million), representing increases of 22% and 32% respectively over the same period of the previous year. During the Period, business volume declined significantly as the operation was impacted by the global economy. Nevertheless, revenue and profits of the Group's logistic service business have been boosted through a series of initiatives: adjusting and optimising the business structure of the logistic service business; withdrawing from operations with low profitability; focusing resources on stabilising existing quality customers and fostering good cooperation with them; and successfully attracting new customers.

In the first half of 2009, the ancillary services of third party logistics and transportation were impacted by the global financial tsunami. However, as the PRC's economy has begun to improve, the Group will gradually push ahead its business development and enhance its professional logistic services network and core competitiveness. Meanwhile, it will provide to customers with supply-chain integrated logistics services, including storage operation, co-packing and short-connection transshipment. It will unearth new investment opportunities and stringently contain costs and expenses, with a view to gearing up for future developments.

DEVELOPMENT FOCUS AND OUTLOOK OF THE GROUP

In the first half of 2009, the PRC's Gross Domestic Product increased by 7.1% over the same period of 2008, with an increase of 1 percentage point in the second quarter over the first quarter. The PRC's economy has begun to improve. However, the recent recovery of the PRC's economic growth was mainly driven by the government's economic stimulus policies. As the magnitude and duration of the recovery of growth in domestic demand remain to be seen while the recovery of external demand remains uncertain as it is still crippled by sluggish demand in the international arena. There are still a lot of difficulties and challenges facing the current economic development.

As the policies to expand domestic demand have been implemented gradually, fixed assets investment continued to accelerate, with the transportation industry being one of the industries benefiting most from such policies. The "Modification and Revival Plan for the Logistics Industry" issued and implemented in March 2009 lists out the businesses of logistic park, public information platform for logistics and urban ancillary transportation as key projects supported by the PRC government. In May 2009, the Ministry of Communications issued its guiding opinions on further advancing the stable and rapid development of the highway and waterway transportation industries whereby it highlights its strong support for the construction of transportation infrastructure which is critical for expediting the establishment of an integrated transportation system. Meanwhile, the "General Plan for Integrated Complementary Reform in Shenzhen" has been approved by the State Council of the PRC. The plan suggests that Shenzhen and Hong Kong shall deepen cooperation on harbours and airports so as to establish a global logistic centre. It also proposes to actively explore the securitisation of assets relating to expressways and terminals. Accordingly, the relevant logistics and toll road businesses of the Group will benefit from the plan.

As the PRC government has implemented certain economic stimulus policies since the first half of 2009, the PRC's economy improved gradually in general and the traffic volume of large vehicles is expected to rebound gradually in the second half of 2009. However, uncertainties still remain in the market. In view of this, the Group will continue to implement its pre-set development strategies and adopt coping measures and strategies to enhance the operational, financial and assets management of its toll road business. Meanwhile, the traditional peak season of export trade and bonded logistic storage business usually arrives in the third quarter of the year and therefore, the logistic park business of the Group will see growth in the second half of 2009 as compared to the first half. The Group will further strengthen its efforts in marketing and internal cost control for the logistic park business and will continue to upgrade the service quality for its existing customers, with a view to enhancing the profitability of its business.

As the macro-economy has been recovering gradually and the traditional peak season of the logistic industry arrives in the third quarter, the operation conditions of Shenzhen's logistics industry is expected to develop towards a good direction. However, the magnitude of recovery or growth will considerably be subject to macro-economic factors. Faced with an increasingly complex and rapidly changing economic environment, the Group will pay close attention to the development of economic conditions and changes in policies. Besides, the Group will continue to work in a prudent and practical manner while actively laying a solid foundation to tackle challenges. The Group attaches importance to the safety and management of capitals, and it will further enhance efforts in capital planning and fund raising, as well as flexibly utilise various approaches in capital operation to enhance corporate value and profitability. Meanwhile, the Group will manage well its investment pace and control its expansion speed as well as dedicate efforts to expedite the construction works of existing projects, actively nurture and unearth the profitability of existing projects, and pursue the best mode for operation and profitability.

FINANCIAL POSITION

	30 June 2009 *HK$ million*	31 December 2008 *HK$ million*	Increase／(Decrease)
Total Assets	29,941	26,915	11%
Total Liabilities	18,911	17,032	11%
Total Equity	11,030	9,883	12%
Cash and Cash Equivalents	2,583	2,061	25%
Bank Borrowings			
Short Term Bank Loans	674	1,296	(48%)
Long Term Bank Loans due for repayment within one year	654	646	1%
Long Term Bank Loans	7,489	6,404	17%
Bond	898	898	-
Convertible Bonds	3,134	3,067	2%
Total Borrowings	12,849	12,311	4%
Net Borrowings	10,266	10,250	0.2%
Debt Asset Ratio (Total Liabilities/Total Assets)	63%	63%	-
Ratio of Total Borrowings to Total Assets	43%	46%	(3%) #
Net Borrowings to Total Equity	93%	104%	(11%) #

 # change in percentage point

As at 30 June 2009, cash and cash equivalents of the Group amounted to HK$2,583 million (31 December 2008：HK$2,061 million), representing an increase of 25% over that of 31 December 2008. This was mainly attributable to the disposal of approximately 25.4 million CSG’s A shares at Shenzhen Stock Exchange by the Group, recording a cash inflow of approximately HK$446 million during the Period. Currently, the Group possesses sufficient cash, with a very solid financial position and has ample financial resources to cope with the instable economic environment.

As at 30 June 2009, total bank loans of the Group amounted to approximately HK$8,817 million (31 December 2008：HK$8,346 million), of which 15%, 7% and 78% were due for repayment within one year, the second year and the third year or after respectively. Of such loans, approximately HK$1,695 million are repayable in Hong Kong dollars, HK$12.59 million are repayable in US dollars and the remaining balance of approximately HK$7,109 million are borrowings from banks in the PRC and repayable in Renminbi. Of such bank loans, approximately HK$5,927 million were fixed-rate loans and the remaining balance of approximately HK$2,890 million were floating-rate loans. During the Period, the amount of loans denominated in Renminbi increased by approximately HK$440 million which was mainly due to investments in projects under construction.

The Group's cash inflow is primarily denominated in Renminbi, and cash outflow denominated in Hong Kong dollars mainly comprises cash dividend payment to shareholders and scheduled repayments of bank loans. In the short run, the exchange risk between Renminbi and Hong Kong dollars is expected to be at a low level. The Group will review and monitor from time to time the risks relating to foreign exchanges.

Currently, the Group has cash in hand and standing banking facilities of approximately HK$13,800 million and the utilised banking facilities amounted to HK$8,817 million. The Group has sufficient standing banking facilities to enhance the cash liquidity, as well as further increasing the overall returns for its shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

The Board is committed to maintaining a high standard of corporate governance in the best interests of shareholders. The corporate governance principles adopted by the Company emphasise a highly efficient board of directors, sound internal control and the transparency and accountability to all shareholders.

The Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange stipulates the principles of good corporate governance and two levels of recommendations: (1) Code Provisions; and (2) Recommended Best Practices. As disclosed in the Corporate Governance Report contained in the Company's 2008 annual report, the Company has applied the principles under the CG Code, and has been in full compliance with all the Code Provisions and certain Recommended Best Practices as set out in the CG Code. Throughout the Period, the Company has been in full compliance with all the Code Provisions and certain Recommended Best Practices as set out in the CG Code.

OTHER INFORMATION

The Company has engaged PricewaterhouseCoopers, the Auditors of the Company, to review the unaudited 2009 condensed consolidated interim financial information of the Group.

Before the date of this announcement, a meeting of the Audit Committee has been held with the Auditors of the Company for reviewing the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2009. The review report will be included in the interim report to be despatched to the shareholders.

This announcement and other related information of the Company's 2009 interim results will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.szihl.com).

By Order of the Board
Shenzhen International Holdings Limited
Guo Yuan
Chairman

Hong Kong, 10 September 2009

As at the date of this announcement, the Board consists of Messrs. Guo Yuan, Li Jing Qi, Liu Jun and Yang Hai as executive directors, Messrs. To Chi Keung, Simon and Wang Dao Hai as non-executive directors and Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing as independent non-executive directors.